Recruit Smarter.
Expect More.

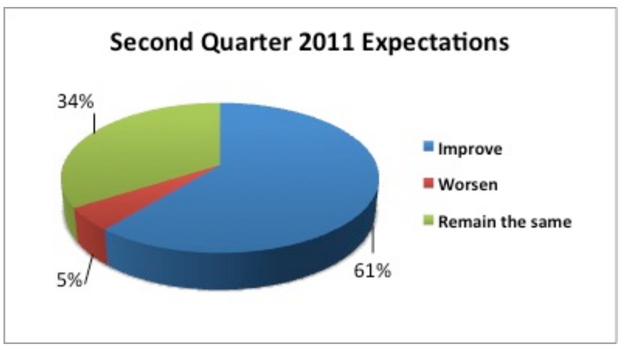
BG Business Conditions Index
First Quarter 2011 Survey Results Summary

Publication Date: March 28, 2011

The following are first quarter 2011 survey results from the Baldwin Gilman Business Conditions Index Survey, a quarterly survey launched in February 2010. For additional information and more detailed findings, please contact Tom Gilman directly at 513-842-5333 or TGilman@baldwingilman.com

Improvement Expected, but Optimism on the Decline

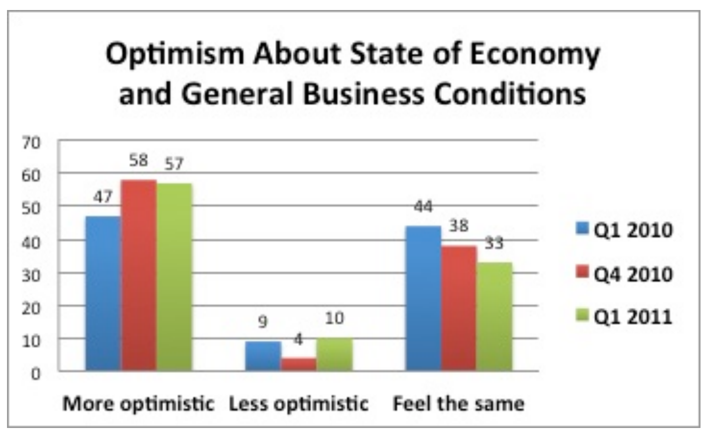
Except for mid-2010, expectations regarding general business conditions have improved over the past year among this survey's respondents. Currently, nearly two-thirds of respondents (61%) anticipate that general business conditions will improve, representing an 11% increase since first quarter 2010. These 61% anticipate increases in demand, hiring activities and expenditures on improvements but appear more prudent regarding expenditures for capital and capital projects. This indicates that companies have regained enough confidence in the economy to replenish their workforces and focus on areas that have been neglected, such as improvements to products, services and technology - very good signs for the local economy overall.



	2010				2011
	Q1 (n=113)	Q2 (n=131)	Q3 (n=103)	Q4 (n=180)	Q1 (n=159)
Improve	50%	47%	42%	52%	61%
Worsen	11%	5%	8%	3%	5%
Remain the same	39%	48%	50%	46%	34%

Likewise, respondents are increasingly more optimistic: 57% of respondents are generally more optimistic about the state of the economy and general business conditions, compared to only 47% one year ago.

However, the percent of those who are less optimistic has more than doubled since last quarter (from 4% to 10%). This is counter to the rest of the survey data, in which respondents anticipate increases and improvement in general business conditions and spending. Further analysis reveals the majority of these respondents are in companies with less than 500 employees, an indication perhaps that smaller companies (who likely did not fare as well during the downturn) will have more difficulty rebounding than larger companies.



"It is encouraging that companies appear ready to make investments that will re-energize their businesses. Increases in hiring activity and spending on improvements will hopefully produce results that positively impact the level of optimism in the future." – Tom Gilman, CEO

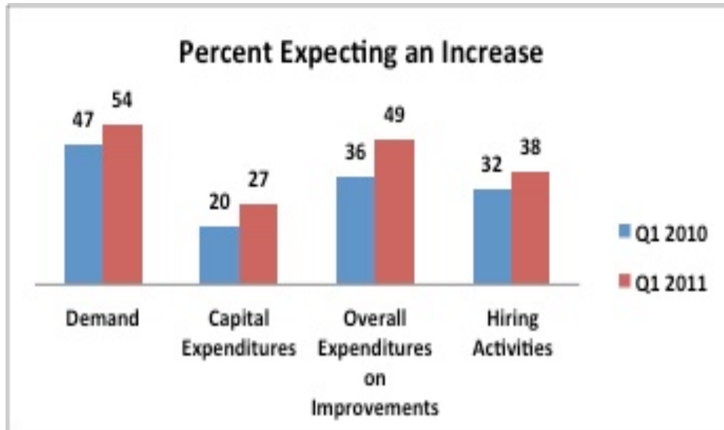
4760 Red Bank Expressway – Suite 216 – Cincinnati, OH 45227
Phone: (513)272-2400 Toll Free: (800) 745-2373 Fax: (513) 527-5929 www.baldwingilman.com

BG Business Conditions Index
First Quarter 2011 Survey Results Summary

Overall Trends

Compared to one year ago, expectations for demand, expenditures on capital and expenditures on improvements and hiring activity have all seen significant increases. Of note:

- After a 10 percent jump in expectations from beginning to end of 2010, respondents have slightly downgraded their expectations for demand: the percent of those expecting an increase in demand has progressed over the past five quarters from 47% (Q1 2010) to 57% (Q4 2010) to 54% (Q1 2011).
- For the first time in many years, American manufacturing is doing better than the rest of the economy. This could explain why an additional seven percent of respondents anticipate an increase in expenditures on capital and capital projects (from 20% in Q1 2010 to 27% in Q1 2011).
- Expectations for expenditures on improvements to products, services and technology has seen the largest increase among these indicators, from 36% in first quarter 2010 to 49% currently.

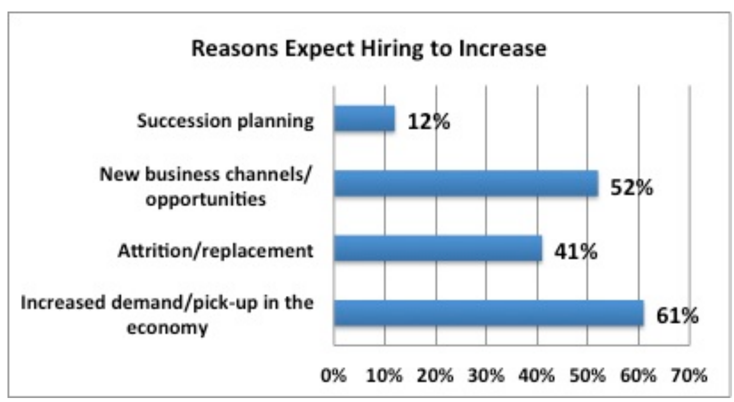


In February 2011, America's unemployment rate was 8.9%, the first month since April 2009 with a jobless rate below 9%. This is consistent with the activity seen locally, as more and more companies have been hiring - and continue to expect hiring activity to increase in the next quarter. This is also consistent with the increase in business activity at Baldwin Gilman, in which we have seen a forty percent increase in search activity compared to a year ago.

Of those expecting an increase in hiring activity (n=59), more than half (61%) attribute the need for additional staff to increased demand/pick up in the economy (consistent with the jump in demand expectations from one year ago). Manufacturing companies are most likely to expect an increase in hiring, as are companies with 1,000 or more employees.

A large percent of respondents (41%) mention attrition/replacement as a catalyst for hiring activity. This is not uncommon during economic recovery as many employees who were ready but reluctant to leave a reasonably secure job become more likely to switch now that more opportunities are available. Also, employees who delayed retirement are now more likely to retire.

Baldwin Gilman recommendation: to ensure attrition remains low as the economy continues to improve, companies should begin focusing on talent planning, compensation competitiveness and loyalty programs.



4760 Red Bank Expressway – Suite 216 – Cincinnati, OH 45227
Phone: (513)272-2400 Toll Free: (800) 745-2373 Fax: (513) 527-5929 www.baldwingilman.com